

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1038

To direct the Secretary of Health and Human Services to provide Federal minimum standards for health insurance for the elderly, and to amend title XVIII of the Social Security Act for the purpose of directing the Secretary to study methods of further improving the regulation of health insurance for the elderly and to evaluate methods by which the Medicare Program could more fully meet the health insurance needs of the elderly.

---

## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 1993

Mrs. BYRNE introduced the following bill; which was referred to the  
Committee on Energy and Commerce

---

## A BILL

To direct the Secretary of Health and Human Services to provide Federal minimum standards for health insurance for the elderly, and to amend title XVIII of the Social Security Act for the purpose of directing the Secretary to study methods of further improving the regulation of health insurance for the elderly and to evaluate methods by which the Medicare Program could more fully meet the health insurance needs of the elderly.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 SHORT TITLE

2 SECTION 1. This Act may be cited as the “Senior Citi-  
3 zens Health Insurance Standards Act of 1993”.

4 FINDINGS AND PURPOSE

5 SEC. 2. The Congress finds that—

6 (1) health care costs are a major expense and  
7 source of concern for the elderly;

8 (2) Medicare covers less than half of the health  
9 care costs for the elderly;

10 (3) because of their condition and needs, many  
11 elderly have to purchase private health insurance;

12 (4) the paucity of consumer information in the  
13 field of health insurance for the elderly makes it al-  
14 most impossible for those seeking such insurance to  
15 make reasoned choices;

16 (5) many of the policies sold to supplement  
17 Medicare coverage provide inadequate coverage and  
18 low return to consumers;

19 (6) the many instances of abuse and deception  
20 in the marketing of health insurance for the elderly,  
21 which have been documented by recent congressional  
22 hearings, constitute a national disgrace; and

23 (7) these instances of abuse, deception, inad-  
24 equate coverage, and low return are now a national  
25 problem and the Federal Government has a respon-  
26 sibility to assist in the remedy.

1 (b) It is, therefore, the purpose of this Act to direct  
2 the Secretary to require Federal minimum standards for  
3 the sale of health insurance for the elderly and to take  
4 other action designed to provide future benefits to the el-  
5 derly who need assistance in meeting their health insur-  
6 ance needs.

7 MINIMUM STANDARDS

8 SEC. 3. (a) Each State shall, no later than two years  
9 after the date of enactment of this Act, submit a plan to  
10 the Secretary of Health and Human Services for the pur-  
11 pose of specifying the minimum standards applicable to  
12 health insurance for the elderly in such State. Such plan  
13 shall specify minimum standards which—

14 (1) provide that at least 75 per centum of the  
15 premiums collected from the sale of such health in-  
16 surance be returned in the form of benefits provided  
17 under such health insurance, as specified by the Sec-  
18 retary in regulations;

19 (2) limit the exclusions of preexisting conditions  
20 in accordance with regulations prescribed by the  
21 Secretary;

22 (3) provide that policies of such health insur-  
23 ance be written in simplified language which can be  
24 understood by purchasers, as specified in regulations  
25 prescribed by the Secretary;

1           (4) prohibit the sale of such health insurance if  
2           such health insurance duplicates the coverage pro-  
3           vided under the Medicare Program, except that such  
4           a sale may be made if the purchaser signs a written  
5           statement expressing his knowledge of the duplica-  
6           tive coverage, as specified in regulations prescribed  
7           by the Secretary; and

8           (5) are in accordance with disclosure provisions,  
9           specified in regulations, which the Secretary deter-  
10          mines necessary to protect purchasers of such insur-  
11          ance, including, but not limited to, provisions which  
12          require a simplified written statement, to all pro-  
13          spective purchasers, of—

14                (A) the percentage of premiums collected  
15                for such health insurance which is returned in  
16                the form of benefits;

17                (B) the name and address of the agent  
18                who sold the policy and a toll free telephone  
19                number of the insurance company;

20                (C) general information which briefly, sim-  
21                ply, and adequately explains the premiums, ben-  
22                efits, renewability, coverage, deductibles, coin-  
23                surance charges, and other matters; and

24                (D) general information which briefly, sim-  
25                ply, and adequately explains the specific mat-

1           ters covered by the insurance which are not cov-  
2           ered under the Medicare Program.

3           (b) The Secretary shall issue final regulations re-  
4           ferred to in subsection (a) no later than one hundred and  
5           eighty days after the date of enactment of this Act.

6           (c) The Secretary shall approve or disapprove any  
7           plan submitted pursuant to subsection (a) no later than  
8           ninety days after such submission.

9           (d)(1) In the case of any State whose plan is dis-  
10          approved under subsection (c), the Secretary shall return  
11          such plan to the State with a detailed explanation of the  
12          reasons for such disapproval. The State may submit a new  
13          plan within thirty days after receiving such explanation,  
14          and the Secretary shall approve or disapprove such plan  
15          no later than thirty days after such submission.

16          (2) If the Secretary disapproves a new plan submitted  
17          in accordance with the second sentence of paragraph (1)  
18          of this subsection, such disapproval shall be subject to ju-  
19          dicial review in the United States court of appeals for the  
20          circuit in which the State is located or in the United  
21          States Court of Appeals for the District of Columbia Cir-  
22          cuit. Any such review shall be instituted only by the State  
23          involved and shall be commenced within sixty days after  
24          the date on which the disapproval was issued. The provi-

1 sions of subsection (f) shall apply and shall not be stayed  
2 pending any such review.

3 (e)(1) The Secretary shall conduct oversight activities  
4 in each State in which a plan is approved for the purpose  
5 of assuring that such plan is carried out in each such  
6 State. Each State shall submit an annual report to the  
7 Secretary containing a detailed account of the operation  
8 of the plan in the State during the previous year. Such  
9 report shall be in such form and contain such information  
10 as is specified by the Secretary in regulations.

11 (2) No change may be made in a plan by any State  
12 unless approved by the Secretary before the effective date  
13 of such change.

14 (3) In any case in which the Secretary finds that a  
15 State, which has an approved plan, is not carrying out  
16 such plan, the Secretary shall notify the State of such  
17 finding and provide the State with detailed information  
18 about the basis of such finding. The Secretary shall pro-  
19 vide the State with an opportunity to correct any problems  
20 specified by the Secretary or to present evidence that such  
21 problems do not exist. After a reasonable time for allowing  
22 for corrections of the problems or for submission of evi-  
23 dence that such problems do not exist, the Secretary shall  
24 make a final determination that an approved plan is or  
25 is not being carried out in the State. If the Secretary de-

1 terminates that such a plan is not being carried out in the  
2 State, the provisions of subsection (f) shall apply with re-  
3 spect to the State. A final determination by the Secretary  
4 that a State plan is not being carried out in any State  
5 shall be subject to judicial review under the conditions de-  
6 scribed in subsection (d)(2).

7 (f) In any case in which—

8 (1) a State does not submit a plan under sub-  
9 section (a);

10 (2) the Secretary fails to approve a plan sub-  
11 mitted by a State after giving such State an oppor-  
12 tunity to submit a new plan under subsection (d); or

13 (3) the Secretary makes a final determination  
14 under paragraph (3) of subsection (e) that an ap-  
15 proved plan is not being carried out in such State;  
16 the Secretary shall implement, as soon as practicable, a  
17 plan in such State which carries out the minimum stand-  
18 ards described in subsection (a) with respect to the sale  
19 of health insurance for the elderly. The Secretary shall  
20 implement such plan in such State until the Secretary de-  
21 termines that such State will carry out the plan. The Sec-  
22 retary may prescribe any regulations that are necessary  
23 to implement and administer such plan in any State.

24 (g) Any provision of State law which would prevent  
25 the establishment and implementation in that State of a

1 plan implementing the minimum standards described in  
2 subsection (a) is preempted by the provisions of this Act.

3 DEFINITIONS

4 SEC. 4. For purposes of section 3—

5 (1) the term “health insurance for the elderly”  
6 means health insurance (as specified in regulations  
7 prescribed by the Secretary) sold to persons who, at  
8 the time of such sale, are (A) aged sixty-five or  
9 older, or (B) receiving benefits under the Medicare  
10 Program;

11 (2) the term “Medicare Program” means the  
12 health insurance program for the aged and disabled  
13 established by title XVIII of the Social Security Act;

14 (3) the term “Secretary” means the Secretary  
15 of Health and Human Services; and

16 (4) the term “State” means each of the fifty  
17 States of the United States and the District of Co-  
18 lumbia.

19 STUDIES

20 SEC. 5. Section 1875 of the Social Security Act is  
21 amended by adding the following new subsections at the  
22 end thereof:

23 “(c) The Secretary shall conduct a study for the pur-  
24 pose of making recommendations to the Congress with re-  
25 spect to a uniform approach to the regulation of all private  
26 health insurance which is offered for sale to the aged and



1 disabled. Such study shall include, but not be limited to,  
2 an examination of the following matters—

3 “(1) minimum loss ratios;

4 “(2) uniform exclusions of pre-existing condi-  
5 tions;

6 “(3) the various means of differentiating cat-  
7 egories of coverage for purchasers of such health in-  
8 surance;

9 “(4) the effectiveness of labels, numerical rat-  
10 ings, or disclosure information in assisting the aged  
11 and disabled to compare policies;

12 “(5) whether the sale of dread disease and  
13 other indemnity policies should be banned or limited;

14 “(6) whether agents’ commissions for selling  
15 such health insurance should be limited;

16 “(7) methods of eliminating misconduct by  
17 agents in selling policies;

18 “(8) the need for and costs of individualized  
19 health insurance counseling for the aged and dis-  
20 abled;

21 “(9) whether claims handling requirements  
22 should be imposed;

23 “(10) whether the sale of overlapping and/or  
24 duplicative coverage should be banned; and

1           “(11) whether policy standardization is nec-  
2           essary to promote competition.

3   The Secretary shall, no later than two years after the date  
4   of enactment of this subsection, transmit a report to the  
5   Congress containing the findings and recommendations of  
6   such study and proposed legislation concerning a com-  
7   prehensive approach to the regulation of such health in-  
8   surance.

9           “(d) The Secretary shall conduct a study for the pur-  
10   pose of making recommendations to the Congress with re-  
11   spect to the feasibility of health insurance coverage under  
12   this title in addition to the coverage provided under parts  
13   A and B. Such study shall include, but not be limited to,  
14   an examination of the following matters—

15           “(1) the need for such additional coverage;

16           “(2) eligibility requirements;

17           “(3) alternative approaches to providing such  
18   additional coverage;

19           “(4) cost estimates of the alternative ap-  
20   proaches, taking into consideration the different co-  
21   insurance and deductible requirements, coverage  
22   provisions, and eligibility standards of each ap-  
23   proach; and

24           “(5) alternative methods of financing such addi-  
25   tional coverage.

1 The Secretary shall, no later than two years after the date  
2 of enactment of this subsection, transmit a report to the  
3 Congress containing the findings and recommendations of  
4 such study.”.

○